

## SECTION B

Answer **one** question from this section.

3. Study the extract and data below and answer the questions that follow.

### United Nations secretary-general outlines Laos' progress

- ❶ “Laos has made considerable progress towards reaching the Millennium Development Goals (MDGs), but the nation must continue its efforts to reduce child malnutrition and mortality rates to make the country more competitive in the global economy,” said United Nations (UN) secretary-general Ban Ki-moon.
- ❷ “There have been steady improvements in health, education, living standards and life expectancy, with progress having been made in literacy rates and access to safe drinking water,” Mr Ban said. “These gains are supported by greater macroeconomic stability and increasing integration with the global economy,” he added.
- ❸ However, Mr Ban warned that much remains to be done if the country is to achieve the MDGs. “Poverty is widespread, especially in the countryside,” he said. “Income inequality is getting worse.” Mr Ban expressed his particular concern over the high rates of child malnutrition. Additionally, the country’s education level is the lowest among the countries belonging to the Association of Southeast Asian Nations (ASEAN). “This is not only a human tragedy; it will have serious implications for the future of this country’s workforce and its ability to compete economically at the international level,” he said.
- ❹ Laos intends to develop its economy based on the price mechanism, following the example of its neighbours Malaysia and Thailand, but with some state regulation to ensure the production of essential services. It will encourage **foreign direct investment (FDI)** and domestic investment, in order to encourage further industrialization. In 2008, the government of Laos was successful in stabilizing its macroeconomy and maintaining its 7.9% economic growth rate, while the percentage of households living in absolute poverty was reduced to 15.8%. From 2001 to 2008, Laos attracted US\$7.1 billion worth of FDI from 36 countries.

*(This question continues on the following page)*

(Question 3 continued)

**Table: East Asia and Pacific: regional data from the World Development Indicators (WDI) database, 2009**

	Gross national income (GNI) <i>per capita</i> (US\$) (purchasing power parity (PPP) 2007)	Primary education completion rate (%) (2007)	Carbon dioxide emissions ( <i>per capita</i> metric tonnes, 2005)	Internet users (per 1000 people, 2007)
Laos	2080	77	0.3	1.7
Malaysia	13 230	98	9.3	55.7
Thailand	7880	100	4.3	21.0

[Source: adapted from *UN News Service*, 13 April 2009, *Nhan Dan*, 3 May 2009 and *WDI database (World Development Indicators 2009)*, 3 May 2009]

- (a) (i) Outline **one** of the Millennium Development Goals (MDGs) (*paragraph ①*). [2 marks]
- (ii) Define the term *foreign direct investment (FDI)* indicated in bold in the text (*paragraph ④*). [2 marks]
- (b) Using an appropriate diagram, describe the change in the distribution of income in Laos (*paragraph ③*). [4 marks]
- (c) Explain the likely impact of the low education level on the economic development of Laos (*paragraph ③*). [4 marks]
- (d) Using information from the text/data and your knowledge of economics, evaluate the policies which the government of Laos might pursue in order to maintain its “considerable progress towards reaching the Millennium Development Goals (MDGs)” (*paragraph ①*). [8 marks]